

Internal Revenue Service

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Date:
July 27, 2011

TY

Dear :

Corp A =

Country B =

Country C =

Country D =

Country E =

Country F =

Country G =

Country H =

Country I =

Country J =

Business =

K

Region L =

Region M =

Region N =

This is in response to your letter dated June 6, 2011, in which you request consent pursuant to Treas. Reg. §1.901-2A(d)(4) for Corp A to revoke effective for Corp A's 2010 tax year, and for all subsequent taxable years, its elections to use the safe harbor method described in Treas. Reg. §1.901-2A(c)(3) in determining the amount of foreign income tax paid or accrued by Corp A to Country B, Country C, Country D, Country E, Country F, Country G, Country H, and Country I. The information submitted for consideration is substantially as set forth below.

The rulings contained in this letter are based upon information and representations you submitted and accompanied by your penalty of perjury statement. While this office has

not verified any of the material submitted in support of the request for a ruling, it is subject to verification on examination.

Corp A files its tax return on a calendar year basis and is the common parent of an affiliated group of corporations that join in the filing of a consolidated U.S. federal income tax return. It uses the accrual method of accounting. Corp A and related corporations conduct Business K in Country J, Country D, as well as in Region L, Region M, and Region N.

Treas. Reg. §1.901-2A(c)(1) permits dual capacity taxpayers in computing foreign tax credits for qualifying levies of each country to use either a “facts and circumstances” method or a “safe harbor” method to determine the amount of a levy that is not paid in exchange for a specific economic benefit.

Treas. Reg. §1.901-2A(d) describes the manner in which taxpayers may elect and revoke the safe harbor method. Treas. Reg. §1.901-2A(d)(4) provides that the safe harbor method election may not be revoked without the consent of the Commissioner. The Commissioner will normally give consent provided the conditions set forth in the regulation are satisfied. The regulation provides that an application for consent to revoke the election must be made not later than 30 days before the due date (including extensions) for the filing of the income tax return for the first taxable year for which the revocation is sought to be effective, with certain exceptions not applicable to this situation. The Commissioner may make his consent to any revocation conditioned upon adjustments being made in one or more taxable years so as to prevent the revocation from resulting in a distortion of the amount of any item relating to tax liability in any taxable year. The Commissioner will normally consent to a revocation under the circumstances described in Treas. Reg. §1.901-2A(d)(4)(i) through (vi).

Treas. Reg. §1.901-2A(d)(4)(vi) provides that the Commissioner will normally consent to a revocation of a safe harbor election if the election has been in effect with respect to at least three taxable years prior to the taxable year for which the revocation is to be effective.

Corp A filed safe harbor method elections for Country C, Country D, Country E, and Country F with its tax return for its 1983 tax year and has used the safe harbor method consistently for all qualifying levies paid to those countries since 1983. Corp A filed safe harbor method elections for Country B, Country G, Country H, and Country I with its tax return for its 1984 tax year and has used the safe harbor method consistently for all qualifying levies paid to those countries since 1984. Corp A’s application for consent to revoke the safe harbor method election with respect to qualifying levies of Country B, Country C, Country D, Country E, Country F, Country G, Country H, and Country I was made not later than 30 days before September 15, 2011, the due date (including extensions) for Corp A’s U.S. consolidated federal income tax return for its 2010 tax

year, and the applicable safe harbor method election has been in effect with respect to at least Corp A's last three taxable years prior to its 2010 tax year.

Accordingly, consent is granted to Corp A to revoke its safe harbor method elections with respect to qualifying levies of Country B, Country C, Country D, Country E, Country F, Country G, Country H, and Country I effective for its 2010 tax year and for all subsequent taxable years.

No opinion was requested, and no opinion is expressed, as to whether, based upon all of the relevant facts and circumstances, the amount (if any) paid pursuant to a levy or levies imposed by Country B, Country C, Country D, Country E, Country F, Country G, Country H, and Country I is not an amount paid in exchange for a specific economic benefit.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

This ruling is directed only to Corp A, the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Corp A should attach either a copy of this letter ruling as a PDF file to its electronically filed U.S. income tax return for its 2010 tax year or a statement to that return that provides the date and control number of this letter ruling.

Sincerely,

Richard L. Chewning
Senior Counsel, Branch 3
Office of Associate Chief Counsel (International)